

**WHAT IS CLAIMED IS:**

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1. A method of animating a user-controlled character in a virtual environment, comprising:
  - defining a tag at a location in the virtual environment, and assigning tag information to the tag that designates a type of reaction for the character when in proximity to the tag;
  - animate the character using a scripted animation sequence in response to user inputs;
  - detecting when the character is within a predetermined proximity to the tag;
  - when the character is within a predetermined proximity to the tag, using the location of the tag and the tag information to dynamically modify the character's animation in real time.
2. The method of claim 1, further including detecting when the character is no longer within the predetermined proximity to the tag and, upon such detection, returning to the scripted animation for the character.
3. The method of claim 1, further including using key frames, inbetweening and inverse kinematics to dynamically modify the character's animation when in proximity to the tag.
4. The method of claim 1, further including defining a human-like reaction as the type of reaction and dynamically generating an animation that corresponds to the human-like reaction for the character when in proximity to the tag.

5. The method of claim 1, wherein dynamically modifying the characters animation in real time includes causing the character to look at the location in the virtual word where the tag has been defined.

6. The method of claim 1, further including defining a plurality of said tags at different locations in the virtual word and assigning tag information to each tag, wherein each tag causes a different dynamic animation sequence to be generated for the character when the character is within a predetermined proximity thereto.

7. A method for controlling the animation of a character in a virtual world, comprising:

defining a plurality of tags at defined locations with the virtual world, wherein each tag designates a reaction to be made by the character when the character is within a predefined virtual proximity to the tag;

assigning a priority value to each tag;

allowing a user to control the movement of the character within the virtual world;

when the character is not within the predefined virtual proximity to any of the tags, using a stored animation sequence to animate the character within the virtual world;

when the character is within the predetermine virtual proximity to at least one of the tags, generating a dynamic animation sequence for the character based on the tag having the highest priority among the tags within the predetermined proximity to the character.

8. The method of claim 7, further including detecting when the character is no longer within the predetermined proximity to any of the tags and, upon such detection, returning to the stored animation sequence for the character.

9. The method of claim 7, further including using key frames, inbetweening and inverse kinematics to generate the dynamic animation sequence for the character.

10. The method of claim 7, further including defining a human-like reaction as the reaction for each tag.

11. The method of claim 7, wherein the dynamic animation sequence causes the character to look at the location in the virtual word where the tag has been defined.

12. A method for animating an object in a virtual word, comprising:

defining a tag in the virtual world, wherein the tag includes a reaction code which designates a reaction for the object when the object is within a defined virtual proximity to the location of the tag;

moving the object within the virtual world using a stored animation sequence when the object is not within the defined virtual proximity to the tag; and

dynamically generating an animation sequence for the object corresponding to the reaction code of the tag when the object is within the defined virtual proximity to the tag.

13. The method of claim 12, further including defining a plurality of said tags, wherein each tag has a different reaction code and is assigned a priority value, and further including using the priority value to determine which tag to base the dynamically generated animation sequence on when the object is within a defined proximity to more than one of the tags.

14. The method of claim 12, further including using key frames, inbetweening and inverse kinematics to generate the dynamic animation sequence for the object.

15. The method of claim 13, further including defining a human-like reaction as the reaction indicated by the reaction code for each tag.

16. The method of claim 15, wherein the dynamic animation sequence causes the object to look at the location in the virtual world where the tag has been defined.